

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, MAY 15, 2018**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, May 15, 2018, commencing at 7:03 a.m.

Present: Council Member Chandler, Council Member Johnson, Council Member Kuehne, Mayor Pro Tempore Mounce, and Mayor Nakanishi

Absent: None

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

NOTE: Council Member Johnson participated in the meeting via teleconference.

NOTE: Council Members Chandler and Kuehne left the meeting at 7:57 p.m.

B. Topic(s)

NOTE: The following items were discussed out of order.

B-2 Third Quarter Fiscal Year 2017/18 Water, Wastewater, and Electric Utility Department Financial Reports (CM)

Utilities Manager Lance Roberts provided a PowerPoint presentation regarding Water/Wastewater Fiscal Year 2018 quarterly update. Specific topics of discussion included Wastewater fund cash flow summary, operating results, cash balances, and planned Capital projects; Water fund cash flow summary, operating results, cash balances, and planned Capital projects; and Water/Wastewater Utility activities.

Electric Utility Director Elizabeth Kirkley provided a PowerPoint presentation regarding the Electric Utility Department's Fiscal Year 2018 quarterly update. Specific topics of discussion included Electric Utility fund cash flow summary, cash balances, reserve policy, Capital Improvement Project five-year spending plan, power sales, Energy Cost Adjustment revenue, operating results, power supply costs, load coverage, Risk Oversight Committee report, and City Council strategic areas of focus.

In response to Mayor Pro Tempore Mounce, Ms. Kirkley stated she will provide Council with the exact amount of reserves held at Northern California Power Agency.

Mike Lusk referenced an earlier comment by Council Member Mounce regarding front sidewalk easements and the responsibility for maintaining and paying for the landscaping, stating it is a Proposition 218 issue and utility rate payers should not be forced to pay it. Further, he posed questions regarding the southwest water tank storage project and whether it will be paid for in advance of collecting the impact mitigation fee, which would place an undue burden on water rate payers with increased rates. With regard to impact mitigation fees, he pointed out the expected budget, actual budget, and reserve cash account seem to contradict one another. Deputy City Manager Andrew Keys explained the budget entries in the PowerPoint, pointing out the amounts are as of March 31, 2018, as well as the projections made by staff going forward. Public Works Director Charlie Swimley confirmed the current cash balance of \$958,000 for impact mitigation fees is earmarked to go toward the water tank project. Mr. Lusk further commented on the second agenda item relating to the budget, specifically asking why the revenues for the water and wastewater utilities are different in that one is higher and the other is lower, yet they are tied together by usage. Mr. Schwabauer stated there is money going in and out of each revenue

source that can change the picture and, in this case, Proposition 84 grant funding is causing the increase in the wastewater fund. In further response, Mr. Keys and Mr. Schwabauer explained the concept of planning for multi-year projects and how rate revenues are applied to cover such projects. Mr. Lusk summarized by reiterating his opposition to co-mingling Proposition 218 and general fund matters.

B-1 Receive Presentation Regarding Fiscal Year 2018/19 Budget (CM)

Deputy City Manager Andrew Keys provided a PowerPoint presentation regarding Fiscal Year 2018/19 Budget - Utility Fund. Specific topics of discussion included Electric Utility overview, revenues, expenses, Capital projects, and reserves; Water Utility overview, revenues, expenses, Capital projects, and reserves; Wastewater Utility overview, revenues, expenses, Capital projects, and reserves.

Mayor Pro Tempore Mounce strongly urged the City to ensure Northern California Power Agency (NCPA) does not receive any more money from the City than is absolutely required, based on her concern that if NCPA were to dissolve or go bankrupt the City could be held responsible for its liabilities, including the unfunded California Public Employees Retirement System liability. Mr. Keys pointed out the reserves with NCPA are in a general operating reserve trust account that is only held at NCPA for Lodi; it is not a credit to NCPA, nor can NCPA spend the money.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:13 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk